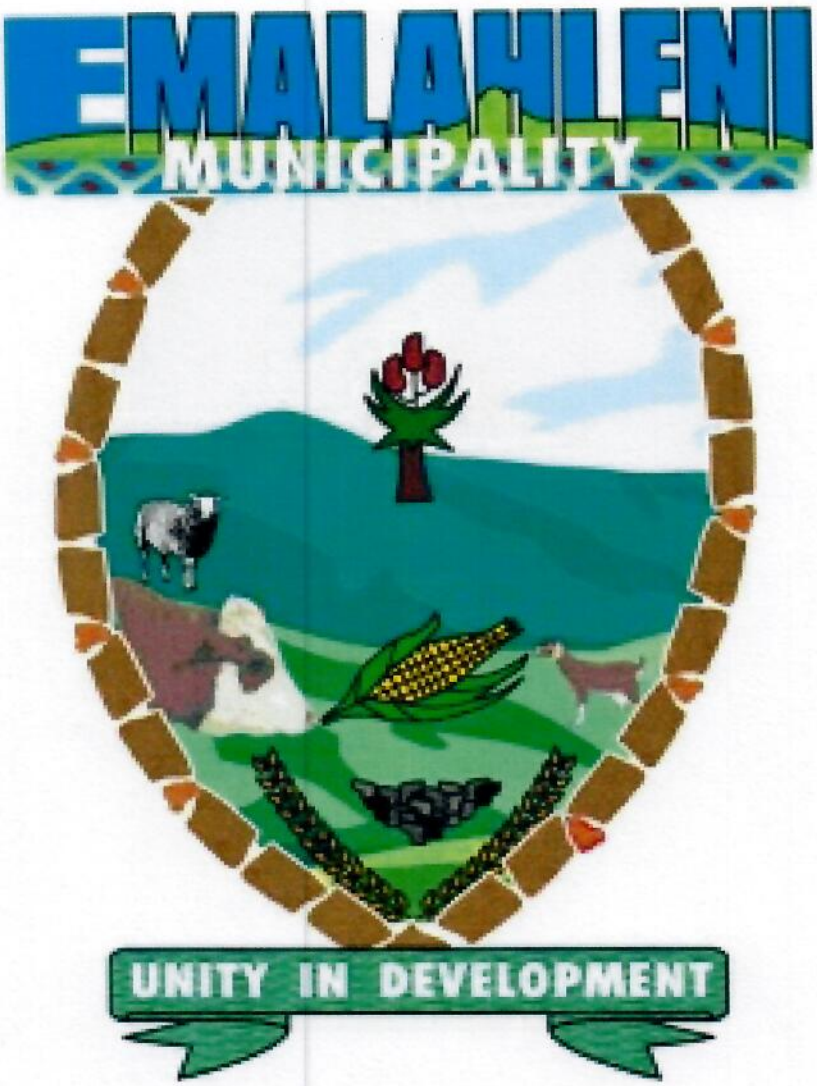

2016/17 SECOND ADJUSTMENTS BUDGET

Prepared in terms of the Local Government: Municipal Finance Management Act (56 of 2003): Municipal Budget and Reporting Regulations

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PART 1 – 2016/17 ADJUSTMENTS BUDGET

1.1 Mayor's Report

The reason for the tabling of second adjustment budget is to correct the annual budget in relation to the MIG allocation that has been withheld by National Treasury to the amount of R7 million. Further adjustments were made on some votes to ensure there are no Unauthorized expenditures at year end, also some adjustments downwards have been made in line with MFMA section 28 for all those expenditures that were underspending as the procurement period has lapsed for the current financial year

1.1.1 Summary of reasons for the 2016/17 Adjustments Budget

In accordance with section 28 of the Municipal Finance Management Act, No 56 of 2003 (MFMA), a municipality may revise its approved annual budget through an adjustments budget, in the following circumstances:

(i) To adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue;
(ii) To appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;
(iii) To authorise the utilisation of projected savings in one vote towards spending under another vote;
(iv) To authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected rollovers when the annual budget for the current year was approved by the Council;
(v) To correct any errors in the annual budget.

The Municipal Budget and Reporting Regulations stipulate that one adjustments budget may be tabled in the Municipal Council during a financial year. The Adjustments Budget must normally be approved by Council by the end of February.

In line with the MFMA and the Municipal Budget and Reporting Regulations, the 2016/17 approved Budget has been adjusted. The adjustment has been mainly necessitated as a result of the following:

- The need to adjust revenue and expenditure estimates, in line with revenue collection levels.
- The need to appropriate additional revenues that became available over and above those anticipated in the approved 2016/17 Budget.
- The need to authorise the utilisation of projected savings in one vote towards spending under another vote.

1.1.2 The Mayor recommends that the Council approves the second 2016/17 Adjustments Budget.

1.2 2016/17 Adjustments Budget Resolutions

1.2.1 Approval of the Adjustments Budget

(i) The Mayor recommends that the Council, by resolution taken and in terms of Section 30(2) of the Local Government: Municipal Structures Act No. 117 of 1998 (as amended), read in conjunction with Section 28 of the Local Government: Municipal Finance Management Act, Act 56 of 2003, approves the second 2016/17 Adjustments Budget as set-out in the following tables:

- Table B1 Adjustments Budget Summary: page 8;
- Table B2 Adjustments Budget Financial Performance (revenue and expenditure by standard classification): page 10;
- Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote): page 11;
- Table B4 Adjustments Budget Financial Performance (revenue by source and expenditure by type): page 12;
- Table B5 Adjustments Budget Capital Expenditure by vote and standard classification and funding source: page 16;
- Table B6 Adjustments Budget Financial Position: page 18;
- Table B7 Adjustments Budgeted Cash Flows: page 20;
- Table B8 Cash backed reserves/accumulated surplus reconciliation: page 21;
- Table B9 Asset Management : page 22 ;
- Table B10 Basic Service Delivery: page 24.

1.2.2 The IDP and Budget Steering Committees notes the proposed changes in the capital budget due to the stoppage that was effected by the National Treasury on the Municipal Infrastructure Grant (MIG) for 2016/17 financial year.

1.2.3 The IDP and Budget Steering Committees notes and accepts the changes made to the operational budget to avoid unauthorized expenditure and to correct the estimated bank balance at year end.

1.3 Executive Summary

The overall effect of the adjustments resulted in a total operating revenue budget increase of R 5.115 million (from R 156.642 million to R 161.757million) whilst the total expenditure budget has increased by R 5.343 million (from R 189.299 million to 194.642million) ultimately resulting in a deficit budget position of R 6 715 million, main contributor in the deficit being the increase of R 5 million on the debt impairment budget which was previously underbudgeted.

Revenue
A brief summary of the revenue adjustments budget are highlighted in table format below.

EC136 Emalahleni (Ec) - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 31/05/2017

Description	Ref	Budget Year 2016/17				Budget Year +1 2017/18	Budget Year +2 2018/19
		Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
			8	9	10		
R thousands	1	A	F	G	H		
Revenue By Source							
Property rates	2	4,391	38	38	4,429	4,664	4,939
Property rates - penalties & collection charges		–	–	–	–	–	–
Service charges - electricity revenue	2	10,176	1,138	1,138	11,314	10,891	11,579
Service charges - water revenue	2	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–
Service charges - refuse revenue	2	3,566	1,361	1,361	4,927	3,787	4,010
Service charges - other		–	–	–	–	–	–
Rental of facilities and equipment		797	(276)	(276)	520	849	899
Interest earned - external investments		2,327	(19)	(19)	2,307	2,461	3,373
Interest earned - outstanding debtors		2,767	2,065	2,065	4,833	2,915	3,675
Dividends received		–	–	–	–	–	–
Fines		123	(40)	(40)	83	131	139
Licences and permits		833	(72)	(72)	761	885	1,041
Agency services		1,345	(1,280)	(1,280)	65	1,440	1,525
Transfers recognised - operating		129,829	1,825	1,825	131,654	131,801	133,254
Other revenue	2	488	376	376	863	516	543
Gains on disposal of PPE		–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		**156,642**	**5,115**	**5,115**	**161,757**	**160,341**	**164,978**

Service charges, Property rates, operating grant and other revenue have all been have been adjusted upwards with the amounts as per table above. Agency service and traffic related revenue have been adjusted significantly downwards due to the Traffic department not being operational during the first half of the year, also rentals were adjusted downwards due to non-payments and initial overbudgeting.
Service charges have been adjusted significantly upwards due to increased billing and improved collection rate in the first half of the year.

The increase of R 1.825 million in Operating Grants and subsidies is due to the following operating additional grants received:

CHDM PAVING PROJECT GRANT	R 1 000 000
PUBLIC WORKS FOR PARK DEVELOPMENT	R 500 000
CHDM IT SUPPORT GRANT	R 200 000
CHDM TRANPORT FOR SODA	R 122 000
LIBRARY GRANT (PREVIOUSELY UNDER BUDGETED)	R 3 000
Total increase	**R 1 825 000**

Expenditure

The table gives a summary of the total expenditure budget that has been adjusted upwards by a total of R 5.343 million, main contributor being the underbudgeting under debt impairment which had to be adjusted in order to avoid unauthorized expenditure.

EC136 Emalahleni (Ec) - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 31/05/2017

Description	Ref	Budget Year 2016/17				Budget Year +1 2017/18	Budget Year +2 2018/19
		Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
			8	9	10		
R thousands	1	A	F	G	H		
Expenditure By Type							
Employee related costs		62,015	(2)	(2)	62,013	68,142	74,887
Remuneration of councillors		11,728	(391)	(391)	11,337	12,549	13,427
Debt impairment		2,526	5,000	5,000	7,526	7,500	7,500
Depreciation & asset impairment		24,997	(43)	(43)	24,954	25,247	25,499
Finance charges		850	–	–	850	361	372
Bulk purchases		18,650	(4,905)	(4,905)	13,745	20,490	22,511
Other materials		–	–	–	–	–	–
Contracted services		3,956	(156)	(156)	3,800	4,437	4,500
Transfers and grants		16,430	2,173	2,173	18,602	3,888	4,181
Other expenditure		48,147	3,668	3,668	51,815	54,525	50,722
Loss on disposal of PPE		–	–	–	–	–	–
Total Expenditure		**189,299**	**5,343**	**5,343**	**194,642**	**197,139**	**203,600**

Downward adjustments have been effected on the following votes:

Remuneration of councilors have been adjusted downwards with R 391 000, Employee related costs with R 2 000 Asset Impairment by R 43 000, Bulk purchases by R 4.905 million and contracted services by R 156 000 due to over budgeting.

Upward adjustments have been effected on the following votes:

Grants and subsidies expenditure budget have been adjusted upwards. This is due to the additional allocations as well as new grants received as indicated in the revenue section as well as the adjustments relating to the subsidisation of indigents that where under budgeted for. The Electricity FBS budget has not been adjusted, the refuse FBS budget increased by R 993 380 and these subsidies are provided for through the equitable share.

Provision for Bad debts this vote was under-budgeted and had t be corrected in order to avoid unauthorized expenditure.

General expenditure has been adjusted upwards by R 3.668 million. The approach was that no additional funds were available to justify upward adjustment in the general expenditure budget and thus Directorates were only allowed to move funds between votes within their directorates.

Some of the votes had to be topped up due to contractual obligations as well as Legislative requirements:

Capital Expenditure

The capital expenditure budget has been adjusted downwards from a total of R 41.470 million in the original budget to an amount of R 36.847 million in the adjustment budget. The total downward adjustment amounts to R 4.623 million. Main factor for the decrease was the R7 million MIG fund withheld by National Treasury, resulting in only R25.670 being received instead of R32.670.

The following capital projects adjustments were made;

- Reverse the adjustment that was made to move forward the 2017/18 project to fast-track expenditure. Adjustment was done on the Landfill site: Initial budget on Landfill was R 3,988,279 and was adjusted to R 1,988,279, and R 2,000,000 was moved to the Solar Streetlights project.
- Take the R 3,512,667.18 from the Landfill site project to go towards the stopped R 7,000,000.00 because the Landfill site has failed to spend this financial year. There is an R 475,611.82 invoice for the service provider to be left on the project.
- Take R 3,487,332.82 from the Surfacing of Lady Frere internal Roads, Phase 1, which is budgeted R 8,158,278.60 for 2016/17 FY, because the project still has R 2,000,000.00 budget next financial year which can be enough to finish the project. There is no contractor on the project, so there will be not litigation that will be experienced due to grant stopping. The project will be left with R 4,670,945.78 which would finished this financial year.

(a) Adjustment be made for the budget shortfall that is experienced in the Shearing shed project, which was due to the additional works on the project. There is a R 73 000.00 shortfall which can be adjusted from Surfacing of Lady Frere Internal Roads: Phase 1. The project has a proposed budget of R 4,670,945.78 and after adjustment will be left with R 4, 597 945.78.

Summary of Capital Adjustment Budget

Project Name	Initial Budget	Adjusted Budget
Construction of Landfill Site	R 3,988,279	R 475,611.82
Surfacing of Lady Frere Internal Roads: Phase 1	R 8,158,278.60	4, 597 945.78.
Construction of Solar Streetlights (2017/18 Brought forward project)	R 2,000,000.00	R 0
Construction of Shearing in Agnes Rest	R 1,041,428.60	R 1,141,428.60

1.4 Adjustments Budget Tables

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section. These tables set out the Municipality's 2015/16 Adjustments Budget to be considered for approval by Council. Each table is accompanied by *explanatory notes.*

Table B1 - Adjustments Budget Summary

2nd ADJUSTMENT BUDGET FOR 2016/17 FINACIAL YEAR

EC136 Emalahleni (Ec) - Table B1 Adjustments Budget Summary - 31/05/2017

Description	Budget Year 2016/17									Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands	Original Budget A	Prior Adjusted 1 A1	Accum. Funds 2 B	Multi-year capital 3 C	Unfore. Unavoid. 4 D	Nat. or Prov. Govt 5 E	Other Adjusts. 6 F	Total Adjusts. 7 G	Adjusted Budget 8 H	Adjusted Budget	Adjusted Budget
Financial Performance											
Property rates	4,391	–	–	–	–	–	38	38	4,429	4,664	4,939
Service charges	13,742	–	–	–	–	–	2,499	2,499	16,241	14,678	15,590
Investment revenue	2,327	–	–	–	–	–	(19)	(19)	2,307	2,461	3,373
Transfers recognised - operational	129,829	–	–	–	–	–	1,825	1,825	131,654	131,801	133,254
Other own revenue	6,353	–	–	–	–	–	772	772	7,125	6,736	7,822
Total Revenue (excluding capital transfers and contributions)	**156,642**	–	–	–	–	–	**5,115**	**5,115**	**161,757**	**160,341**	**164,978**
Employee costs	62,015	–	–	–	–	–	(2)	(2)	62,013	68,142	74,887
Remuneration of councillors	11,728	–	–	–	–	–	(391)	(391)	11,337	12,549	13,427
Depreciation & asset impairment	24,997	–	–	–	–	–	(43)	(43)	24,954	25,247	25,499
Finance charges	850	–	–	–	–	–	–	–	850	361	372
Materials and bulk purchases	18,650	–	–	–	–	–	(4,905)	(4,905)	13,745	20,490	22,511
Transfers and grants	16,430	–	–	–	–	–	2,173	2,173	18,602	3,888	4,181
Other expenditure	54,629	–	–	–	–	–	8,512	8,512	63,141	66,462	62,722
Total Expenditure	**189,299**	–	–	–	–	–	**5,343**	**5,343**	**194,642**	**197,139**	**203,600**
Surplus/(Deficit)	(32,657)	–	–	–	–	–	(228)	(228)	(32,885)	(36,798)	(38,622)
Transfers recognised - capital	32,670	–	–	–	–	–	(6,500)	(6,500)	26,170	32,549	34,271
Contributions recognised - capital & contributed a	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	**13**	–	–	–	–	–	**(6,728)**	**(6,728)**	**(6,715)**	**(4,249)**	**(4,351)**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	**13**	–	–	–	–	–	**(6,728)**	**(6,728)**	**(6,715)**	**(4,249)**	**(4,351)**
Capital expenditure & funds sources											
Capital expenditure	41,470	–	–	–	–	–	(4,623)	(4,623)	36,847	32,549	34,271
Transfers recognised - capital	32,670	–	–	–	–	–	(6,500)	(6,500)	26,170	32,549	34,271
Public contributions & donations	–	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–	–
Internally generated funds	8,800	–	–	–	–	–	1,877	1,877	10,677	–	–
Total sources of capital funds	**41,470**	–	–	–	–	–	**(4,623)**	**(4,623)**	**36,847**	**32,549**	**34,271**
Financial position											
Total current assets	37,203	–	–	–	–	–	(5,843)	(5,843)	31,360	16,777	17,328
Total non current assets	488,094	–	–	–	–	–	(62,452)	(62,452)	425,642	439,911	448,683
Total current liabilities	48,769	–	–	–	–	–	(4,212)	(4,212)	44,557	47,646	60,194
Total non current liabilities	6,929	–	–	–	–	–	1,100	1,100	8,029	8,873	10,000
Community wealth/Equity	**469,599**	–	–	–	–	–	**(65,183)**	**(65,183)**	**404,417**	**465,350**	**465,999**
Cash flows											
Net cash from (used) operating	15,906	–	–	–	–	–	10,824	10,824	26,730	23,444	23,174
Net cash from (used) investing	(41,470)	–	–	–	–	–	4,838	4,838	(36,632)	(32,549)	(34,271)
Net cash from (used) financing	(263)	–	–	–	–	–	–	–	(263)	–	–
Cash/cash equivalents at the year end	**(9,249)**	–	–	–	–	–	**27,502**	**27,502**	**18,254**	**9,149**	**(1,948)**
Cash backing/surplus reconciliation											
Cash and investments available	(9,249)	–	–	–	–	–	27,502	27,502	18,253	1,949	(9,148)
Application of cash and investments	(1,937)	–	–	–	–	–	20,025	20,025	18,088	20,195	22,215
Balance - surplus (shortfall)	**(7,312)**	–	–	–	–	–	**7,477**	**7,477**	**165**	**(18,247)**	**(31,363)**
Asset Management											
Asset register summary (WDV)	488,093	–	–	–	–	–	(6,710)	(6,710)	481,383	493,207	501,978
Depreciation & asset impairment	24,997	–	–	–	–	–	(43)	(43)	24,954	25,247	25,499
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	7,163	–	–	–	–	–	(1,834)	(1,834)	5,330	12,302	13,027
Free services											
Cost of Free Basic Services provided	3,174	–	–	–	–	–	–	–	3,174	2,938	3,147
Revenue cost of free services provided	460	–	–	–	–	–	–	–	460	462	463
Households below minimum service level											
Water:	–	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–	–
Refuse:	29	–	–	–	–	–	–	–	29	29	29

Explanatory notes to Table B1 – Adjustments Budget Summary

The aim of the Adjustments Budget Summary is to provide a concise overview of the proposed Adjustments Budget from all the major financial perspectives (operating expenditure, capital expenditure, financial position, cash flow, and MFMA funding compliance). The table provides an overview of the amounts to be approved by Council within the context of operating performance, resources utilised for capital expenditure, financial position, cash and funding compliance, as well as the Municipality's commitment to eliminating basic service delivery backlogs.

Table B2 - Adjustments Budget Financial Performance (revenue and expenditure by standard classification)

EC136 Emalahleni (Ec) - Table B2 Adjustments Budget Financial Performance (standard classification) - 31/05/2017

Standard Description	Ref	Budget Year 2016/17									Budget Year +1 2017/18	Budget Year +2 2018/19
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1, 4	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
Revenue - Standard												
Governance and administration		**124,775**	–	–	–	–	–	**624**	**624**	**125,399**	**132,826**	**140,645**
Executive and council		6,458	–	–	–	–	–	122	122	6,580	6,773	7,107
Budget and treasury office		118,317	–	–	–	–	–	442	442	118,759	126,053	133,538
Corporate services		–	–	–	–	–	–	60	60	60	–	–
Community and public safety		**4,348**	–	–	–	–	–	**256**	**256**	**4,605**	**1,906**	**1,970**
Community and social services		4,275	–	–	–	–	–	303	303	4,578	1,829	1,887
Sport and recreation		–	–	–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–	–	–
Housing		74	–	–	–	–	–	(47)	(47)	27	77	83
Health		–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**35,484**	–	–	–	–	–	**(6,766)**	**(6,766)**	**28,718**	**36,703**	**38,765**
Planning and development		10	–	–	–	–	–	19	19	29	11	12
Road transport		35,474	–	–	–	–	–	(6,785)	(6,785)	28,688	36,692	38,753
Environmental protection		–	–	–	–	–	–	–	–	–	–	–
Trading services		**24,678**	–	–	–	–	–	**4,496**	**4,496**	**29,174**	**21,423**	**17,838**
Electricity		19,911	–	–	–	–	–	1,127	1,127	21,038	16,361	12,177
Water		–	–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–	–
Waste management		4,767	–	–	–	–	–	3,369	3,369	8,136	5,062	5,661
Other		**27**	–	–	–	–	–	**5**	**5**	**32**	**31**	**32**
Total Revenue - Standard	2	**189,312**	–	–	–	–	–	**(1,385)**	**(1,385)**	**187,927**	**192,890**	**199,249**
Expenditure - Standard												
Governance and administration		**81,362**	–	–	–	–	–	**8,413**	**8,413**	**89,775**	**91,364**	**96,730**
Executive and council		31,701	–	–	–	–	–	2,360	2,360	34,060	34,090	36,515
Budget and treasury office		31,384	–	–	–	–	–	5,561	5,561	36,946	38,316	40,024
Corporate services		18,277	–	–	–	–	–	492	492	18,769	18,958	20,191
Community and public safety		**20,886**	–	–	–	–	–	**(1,115)**	**(1,115)**	**19,771**	**21,323**	**22,788**
Community and social services		17,426	–	–	–	–	–	(1,594)	(1,594)	15,832	17,664	18,882
Sport and recreation		1,329	–	–	–	–	–	(152)	(152)	1,178	1,349	1,402
Public safety		–	–	–	–	–	–	–	–	–	–	–
Housing		2,131	–	–	–	–	–	630	630	2,761	2,311	2,504
Health		–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**46,286**	–	–	–	–	–	**1,438**	**1,438**	**47,724**	**44,837**	**46,685**
Planning and development		5,630	–	–	–	–	–	799	799	6,429	5,923	6,462
Road transport		40,656	–	–	–	–	–	639	639	41,294	38,914	40,223
Environmental protection		–	–	–	–	–	–	–	–	–	–	–
Trading services		**40,230**	–	–	–	–	–	**(3,315)**	**(3,315)**	**36,915**	**39,043**	**36,809**
Electricity		31,814	–	–	–	–	–	(4,607)	(4,607)	27,207	31,362	28,718
Water		–	–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–	–
Waste management		8,416	–	–	–	–	–	1,292	1,292	9,708	7,680	8,091
Other		**534**	–	–	–	–	–	**(77)**	**(77)**	**457**	**572**	**588**
Total Expenditure - Standard	3	**189,299**	–	–	–	–	–	**5,343**	**5,343**	**194,642**	**197,139**	**203,600**
Surplus/ (Deficit) for the year		**13**	–	–	–	–	–	**(6,728)**	**(6,728)**	**(6,715)**	**(4,249)**	**(4,351)**

Explanatory notes to Table B2 – Adjustments Budget Financial Performance (revenue and expenditure by standard classification)

The 'standard classification' refers to a modified Government Finance Statistics (GFS) reporting structure. The aim of the standard classification approach is to ensure that all municipalities approve a budget in one common format, to facilitate comparison across all municipalities. It should be noted that the revenue by vote as reflected in this table, includes revenue attributable to capital grants.

Table B3 - Adjustments Budget Financial Performance (revenue and expenditure by municipal vote)

EC136 Emalahleni (Ec) - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 31/05/2017

Vote Description	Ref	Budget Year 2016/17									Budget Year +1 2017/18	Budget Year +2 2018/19
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
[Insert departmental structure etc]			3	4	5	6	7	8	9	10		
R thousands		A	A1	B	C	D	E	F	G	H		
Revenue by Vote	1											
Vote 1 - Executive and Council		6,458	-	-	-	-	-	122	122	6,580	6,773	7,107
Vote 2 - Budget and Treasury		118,317	-	-	-	-	-	442	442	118,759	126,053	133,538
Vote 3 - Corporate Services		-	-	-	-	-	-	60	60	60	-	-
Vote 4 - Community and Social Services		9,068	-	-	-	-	-	3,677	3,677	12,745	6,922	7,580
Vote 5 - Economic Development, Tourism and Agriculture		10	-	-	-	-	-	19	19	29	11	12
Vote 6 - Infrsatructure and Human Settlement		55,459	-	-	-	-	-	(5,705)	(5,705)	49,753	53,131	51,013
Total Revenue by Vote	2	**189,312**	-	-	-	-	-	**(1,385)**	**(1,385)**	**187,927**	**192,890**	**199,249**
Expenditure by Vote	1											
Vote 1 - Executive and Council		31,701	-	-	-	-	-	2,360	2,360	34,060	34,090	36,515
Vote 2 - Budget and Treasury		31,384	-	-	-	-	-	5,561	5,561	36,946	38,316	40,024
Vote 3 - Corporate Services		18,277	-	-	-	-	-	492	492	18,769	18,958	20,191
Vote 4 - Community and Social Services		27,706	-	-	-	-	-	(531)	(531)	27,175	27,265	28,963
Vote 5 - Economic Development, Tourism and Agriculture		5,630	-	-	-	-	-	799	799	6,429	5,923	6,462
Vote 6 - Infrsatructure and Human Settlement		74,601	-	-	-	-	-	(3,338)	(3,338)	71,263	72,587	71,445
Total Expenditure by Vote	2	**189,299**	-	-	-	-	-	**5,343**	**5,343**	**194,642**	**197,139**	**203,600**
Surplus/ (Deficit) for the year	2	**13**	-	-	-	-	-	**(6,728)**	**(6,728)**	**(6,715)**	**(4,249)**	**(4,351)**

Explanatory notes to Table B3 – Adjustments Budget Financial Performance (revenue and expenditure by municipal vote)

1. The purpose of the format in which the Adjustments Budget is presented, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, so as to assign responsibility for the revenue and expenditure recorded against these votes to the Municipal Manager and Executive Directors concerned. Operating revenue and expenditure is thus presented by 'vote'. A 'vote' is defined as one of the main segments into which a budget of a municipality is divided into, for the appropriation of funds.

Table B4 - Adjustments Budget Financial Performance (revenue and expenditure)

EC136 Emalahleni (Ec) - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 31/05/2017

Description	Ref	Budget Year 2016/17									Budget Year +1 2017/18	Budget Year +2 2018/19
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Revenue By Source												
Property rates	2	4,391	–	–	–	–	–	38	38	4,429	4,664	4,939
Property rates - penalties & collection charges		–						–	–	–	–	–
Service charges - electricity revenue	2	10,176	–	–	–	–	–	1,138	1,138	11,314	10,891	11,579
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	3,566	–	–	–	–	–	1,361	1,361	4,927	3,787	4,010
Service charges - other		–						–	–	–	–	–
Rental of facilities and equipment		797						(276)	(276)	520	849	899
Interest earned - external investments		2,327						(19)	(19)	2,307	2,461	3,373
Interest earned - outstanding debtors		2,767						2,065	2,065	4,833	2,915	3,675
Dividends received		–						–	–	–	–	–
Fines		123						(40)	(40)	83	131	139
Licences and permits		833						(72)	(72)	761	885	1,041
Agency services		1,345						(1,280)	(1,280)	65	1,440	1,525
Transfers recognised - operating		129,829						1,825	1,825	131,654	131,801	133,254
Other revenue	2	488	–	–	–	–	–	376	376	863	516	543
Gains on disposal of PPE		–						–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		**156,642**	–	–	–	–	–	**5,115**	**5,115**	**161,757**	**160,341**	**164,978**
Expenditure By Type												
Employee related costs		62,015	–	–	–	–	–	(2)	(2)	62,013	68,142	74,887
Remuneration of councillors		11,728						(391)	(391)	11,337	12,549	13,427
Debt impairment		2,526						5,000	5,000	7,526	7,500	7,500
Depreciation & asset impairment		24,997	–	–	–	–	–	(43)	(43)	24,954	25,247	25,499
Finance charges		850						–	–	850	361	372
Bulk purchases		18,650	–	–	–	–	–	(4,905)	(4,905)	13,745	20,490	22,511
Other materials		–						–	–	–	–	–
Contracted services		3,956	–	–	–	–	–	(156)	(156)	3,800	4,437	4,500
Transfers and grants		16,430						2,173	2,173	18,602	3,888	4,181
Other expenditure		48,147	–	–	–	–	–	3,668	3,668	51,815	54,525	50,722
Loss on disposal of PPE		–						–	–	–	–	–
Total Expenditure		**189,299**	–	–	–	–	–	**5,343**	**5,343**	**194,642**	**197,139**	**203,600**
Surplus/(Deficit)		**(32,657)**	–	–	–	–	–	**(228)**	**(228)**	**(32,885)**	**(36,798)**	**(38,622)**
Transfers recognised - capital		32,670						(6,500)	(6,500)	26,170	32,549	34,271
Contributions recognised - capital		–						–	–	–	–	–
Contributed assets		–						–	–	–	–	–
Surplus/(Deficit) before taxation		**13**	–	–	–	–	–	**(6,728)**	**(6,728)**	**(6,715)**	**(4,249)**	**(4,351)**
Taxation		–						–	–	–	–	–
Surplus/(Deficit) after taxation		**13**	–	–	–	–	–	**(6,728)**	**(6,728)**	**(6,715)**	**(4,249)**	**(4,351)**
Attributable to minorities		–						–	–	–	–	–
Surplus/(Deficit) attributable to municipality		**13**	–	–	–	–	–	**(6,728)**	**(6,728)**	**(6,715)**	**(4,249)**	**(4,351)**
Share of surplus/ (deficit) of associate		–						–	–	–	–	–
Surplus/ (Deficit) for the year		**13**	–	–	–	–	–	**(6,728)**	**(6,728)**	**(6,715)**	**(4,249)**	**(4,351)**

Explanatory notes to Table B4 – Adjustments Budget Financial Performance (revenue and expenditure)

Revenue

1. The Financial Performance Adjustments Budget is required to be approved concurrently by revenue source and expenditure type, to ensure consistency with annual reporting format requirements. A key aim is to facilitate comparison between the annual results and the Adjustments Budget, to assess performance.

2. Total revenue amounts to R161 757 million in the 2016/17 Adjustments Budget, compared to the amount of R 156 642 million in the original 2016/17 Budget. This represents a increase of R 6.115 million .

3. The significant variations in revenue, compared to the original budget are as follows:

3.1 Service Charges

Service charges increase by R2.499 million, compared to the original budget. The net increase is made up as follows:

	R'000
Increase in Property Rates	38
Increase in electricity revenue	1 138
Increase in refuse revenue	1 361
Net Increase in service charges	**2 537**

3.2 Interest Earned – Outstanding debtors

Interest earned on outstanding debtors increased by R2.046 million compared to the original budget. This is increase can be attributed to the monthly increasing debtors book.

3.3 Transfers Recognised - Operating

This includes the local government Equitable Share and other operating grants from national and provincial government. Transfers increased by R 1.825 million, compared to the original budget. This increase is mainly made up as follows:

CHDM PAVING PROJECT GRANT	R 1 000 000
PUBLIC WORKS FOR PARK DEVELOPMENT	R 500 000
CHDM IT SUPPORT GRANT	R 200 000
CHDM TRANPORT FOR SODA	R 122 000
LIBRARY GRANT (PREVIOUSELY UNDER BUDGETED)	R 3 000
Total increase	**R 1 825 000**

3.4 Other revenue

Other revenue increased by R 376 000 compared to the original budget.

Expenditure

4. Total expenditure amounts to R195.916 million in the 2016/17 Adjustments Budget, compared to the amount of R 189.299 million in the original 2016/17 Budget. This represents an increase of R 6.617million.

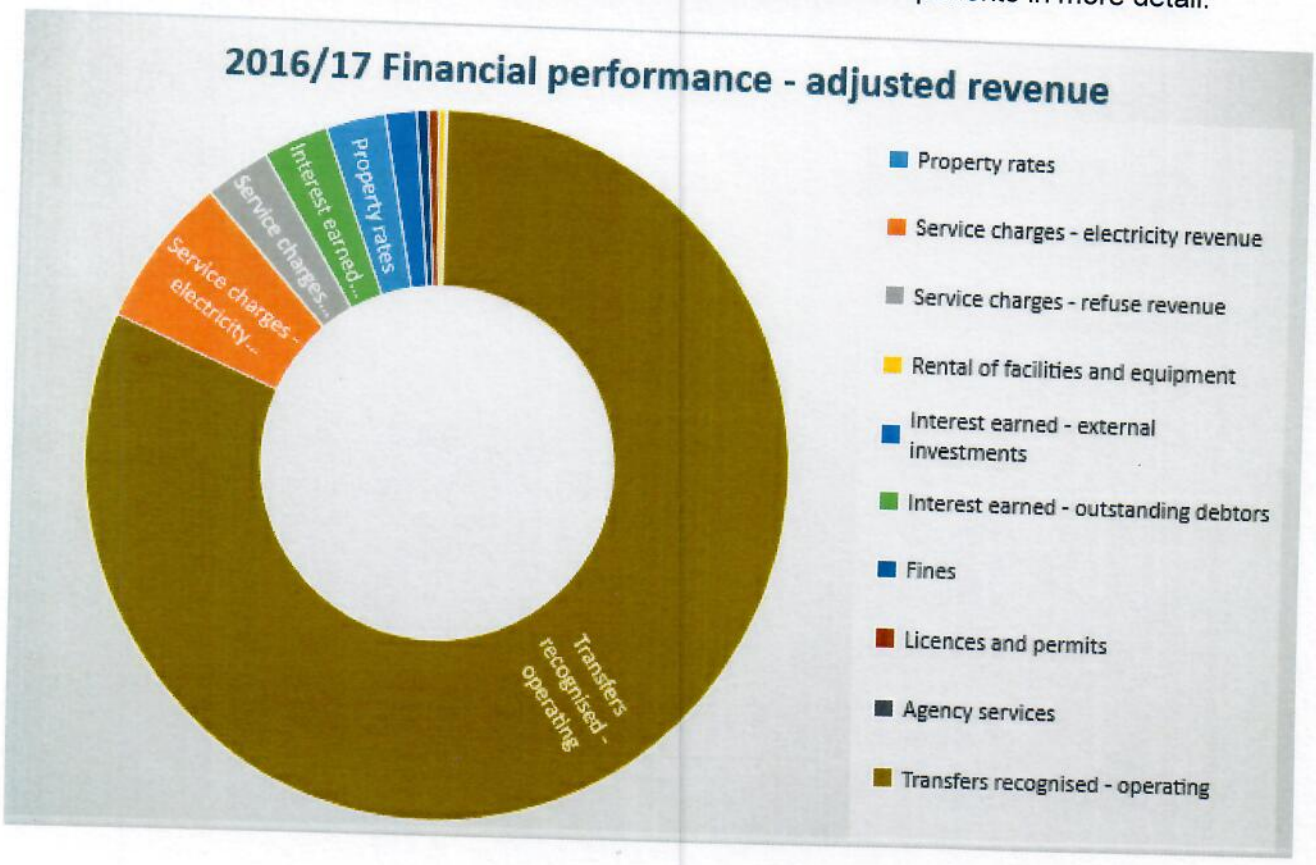
5. The significant variations in expenditure, compared to the original budget, are as follows:

5.2 General Expenses

General expenses increased by R5.343 million, compared to the original budget. This increase is mainly attributable to the following:

Debt Impairment	R 5 000 000
Audit fees	R 800 000

The following graphs explain the revenue and expenditure components in more detail:



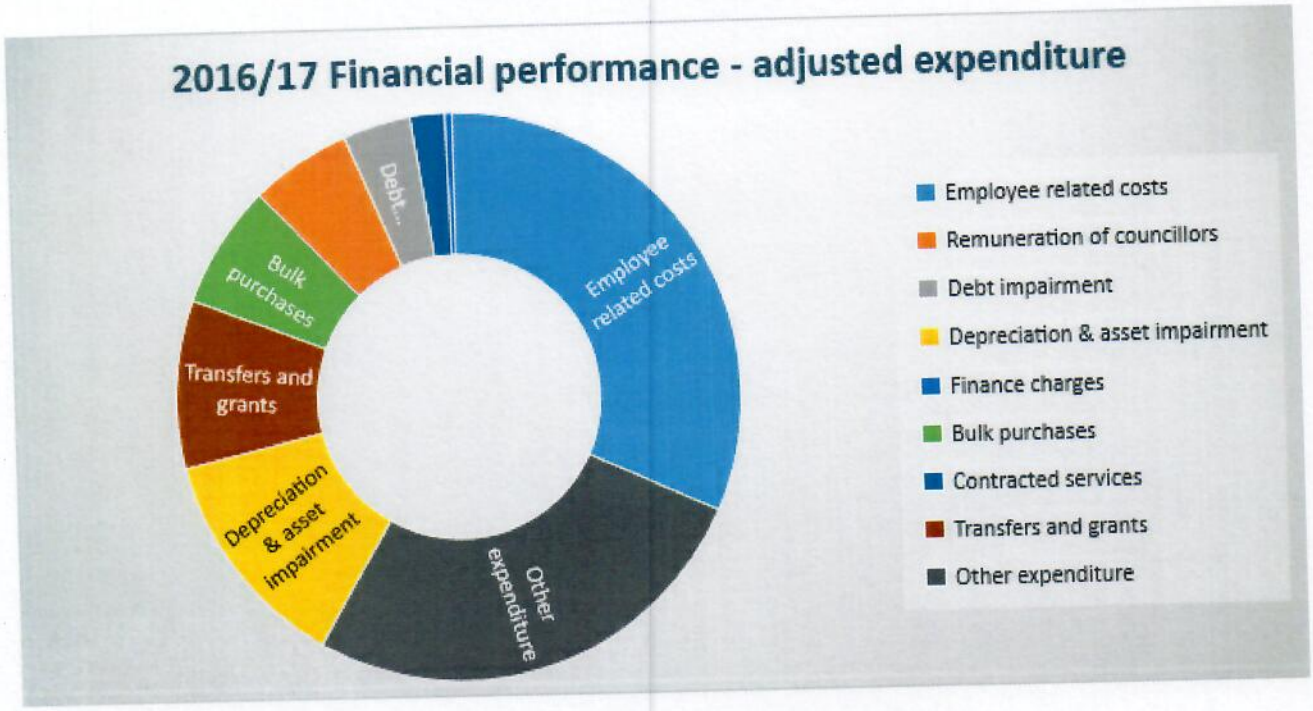

2016/17 Financial performance - adjusted expenditure
Employee related costs
Debt...
Bulk purchases
Transfers and grants
Depreciation & asset impairment
Other expenditure
Employee related costs
Remuneration of councillors
Debt impairment
Depreciation & asset impairment
Finance charges
Bulk purchases
Contracted services
Transfers and grants
Other expenditure

Table B5 - Adjustments Capital Expenditure Budget by vote, standard classification and funding source

EC136 Emalahleni (Ec) - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 31/05/2017

Description	Ref	Budget Year 2016/17									Budget Year +1 2017/18	Budget Year +2 2018/19
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
			5	6	7	8	9	10	11	12		
R thousands		A	A1	B	C	D	E	F	G	H		
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - Executive and Council		4,500	–	–	–	–	–	500	500	5,000	–	–
Vote 2 - Budget and Treasury		–	–	–	–	–	–	–	–	–	–	–
Vote 3 - Corporate Services		–	–	–	–	–	–	–	–	–	–	–
Vote 4 - Community and Social Services		6,402	–	–	–	–	–	(3,440)	(3,440)	2,963	3,858	8,700
Vote 5 - Economic Development, Tourism and Agriculture		–	–	–	–	–	–	–	–	–	–	–
Vote 6 - Infrsatructure and Human Settlement		22,768	–	–	–	–	–	(3,560)	(3,560)	19,207	13,733	–
Capital multi-year expenditure sub-total	3	33,670	–	–	–	–	–	(6,500)	(6,500)	27,170	17,591	8,700
Single-year expenditure to be adjusted	2											
Vote 1 - Executive and Council		–	–	–	–	–	–	–	–	–	–	–
Vote 2 - Budget and Treasury		–	–	–	–	–	–	–	–	–	–	–
Vote 3 - Corporate Services		2,200	–	–	–	–	–	790	790	2,990	–	–
Vote 4 - Community and Social Services		4,500	–	–	–	–	–	560	560	5,060	–	25,571
Vote 5 - Economic Development, Tourism and Agriculture		–	–	–	–	–	–	–	–	–	–	–
Vote 6 - Infrsatructure and Human Settlement		1,100	–	–	–	–	–	527	527	1,627	14,958	–
Capital single-year expenditure sub-total		7,800	–	–	–	–	–	1,877	1,877	9,677	14,958	25,571
Total Capital Expenditure - Vote		41,470	–	–	–	–	–	(4,623)	(4,623)	36,847	32,549	34,271
Capital Expenditure - Standard												
Governance and administration		6,700	–	–	–	–	–	1,290	1,290	7,990	–	–
Executive and council		4,500						500	500	5,000	–	–
Budget and treasury office		–						–	–	–	–	–
Corporate services		2,200						790	790	2,990	–	–
Community and public safety		6,414	–	–	–	–	–	633	633	7,047	2,858	34,271
Community and social services		6,414						633	633	7,047	2,858	34,271
Economic and environmental services		21,002	–	–	–	–	–	(3,060)	(3,060)	17,942	19,636	–
Planning and development		–						–	–	–	–	–
Road transport		21,002						(3,060)	(3,060)	17,942	19,636	–
Environmental protection		–						–	–	–	–	–
Trading services		7,354	–	–	–	–	–	(3,486)	(3,486)	3,868	10,055	–
Electricity		2,865						27	27	2,892	9,055	–
Water		–						–	–	–	–	–
Waste water management		–						–	–	–	–	–
Waste management		4,488						(3,513)	(3,513)	976	1,000	–
Other		–						–	–	–	–	–
Total Capital Expenditure - Standard	3	41,470	–	–	–	–	–	(4,623)	(4,623)	36,847	32,549	34,271
Funded by:												
National Government		30,170						(7,000)	(7,000)	23,170	32,549	34,271
Provincial Government		2,500						500	500	3,000		
District Municipality		–							–	–		
Other transfers and grants		–							–	–		
Total Capital transfers recognised	4	32,670	–	–	–	–	–	(6,500)	(6,500)	26,170	32,549	34,271
Public contributions & donations									–	–		
Borrowing									–	–		
Internally generated funds		8,800						1,877	1,877	10,677		
Total Capital Funding		41,470	–	–	–	–	–	(4,623)	(4,623)	36,847	32,549	34,271

Explanatory notes to Table B5 – Adjustments Capital Expenditure Budget by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote; capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. The Adjustments budgeted capital expenditure was arrived at, taking into account budget adjustments.

Table B6 - Adjustments Budget Financial Position

EC136 Emalahleni (Ec) - Table B6 Adjustments Budget Financial Position - 31/05/2017

Description	Ref	Budget Year 2016/17									Budget Year +1 2017/18	Budget Year +2 2018/19
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
ASSETS												
Current assets												
Cash		–						18,253	18,253	18,253	1,949	–
Call investment deposits	1	–	–	–	–	–	–	–	–	–	–	–
Consumer debtors	1	34,768	–	–	–	–	–	(21,661)	(21,661)	13,107	14,828	17,328
Other debtors		2,435						(2,435)	(2,435)	0		
Current portion of long-term receivables		–						–	–	–	–	–
Inventory		–						–	–	–	–	–
Total current assets		**37,203**	–	–	–	–	–	**(5,843)**	**(5,843)**	**31,360**	**16,777**	**17,328**
Non current assets												
Long-term receivables		–						–	–	–	–	–
Investments		–						–	–	–	–	–
Investment property		6,434						(2,187)	(2,187)	4,247	4,247	4,247
Investment in Associate		–						–	–	–	–	–
Property, plant and equipment	1	481,374	–	–	–	–	–	(60,365)	(60,365)	421,009	435,377	444,149
Agricultural		–						–	–	–	–	–
Biological		–						–	–	–	–	–
Intangible		104						100	100	204	104	104
Other non-current assets		183							–	183	183	183
Total non current assets		**488,094**	–	–	–	–	–	**(62,452)**	**(62,452)**	**425,642**	**439,911**	**448,683**
TOTAL ASSETS		**525,297**	–	–	–	–	–	**(68,295)**	**(68,295)**	**457,002**	**456,687**	**466,010**
LIABILITIES												
Current liabilities												
Bank overdraft		9,249						(9,249)	(9,249)	–		9,148
Borrowing		210	–	–	–	–	–	100	100	310	–	–
Consumer deposits		–						–	–	–	–	–
Trade and other payables		17,388	–	–	–	–	–	7,612	7,612	25,000	28,000	31,000
Provisions		21,922	–					(2,675)	(2,675)	19,246	19,646	20,046
Total current liabilities		**48,769**	–	–	–	–	–	**(4,212)**	**(4,212)**	**44,557**	**47,646**	**60,194**
Non current liabilities												
Borrowing	1	283	–	–	–	–	–	–	–	283	73	–
Provisions	1	6,645	–	–	–	–	–	1,100	1,100	7,745	8,800	10,000
Total non current liabilities		**6,929**	–	–	–	–	–	**1,100**	**1,100**	**8,029**	**8,873**	**10,000**
TOTAL LIABILITIES		**55,698**	–	–	–	–	–	**(3,112)**	**(3,112)**	**52,586**	**56,519**	**70,194**
NET ASSETS	2	**469,599**	–	–	–	–	–	**(65,183)**	**(65,183)**	**404,417**	**400,168**	**395,817**
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		469,599	–	–	–	–	–	(65,183)	(65,183)	404,417	465,350	465,999
Reserves		–	–	–	–	–	–	–	–	–	–	–
Minorities' interests		–						–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY		**469,599**	–	–	–	–	–	**(65,183)**	**(65,183)**	**404,417**	**465,350**	**465,999**

Explanatory notes to Table B6 – Adjustments Budget Financial Position

1. The table presents Assets less Liabilities as Community Wealth. The order of items within each group is also aligned to the convention of showing items in order of liquidity; i.e. assets readily converted to cash or liabilities immediately required to be met from cash appear first.

2. Any movement on the Adjustments Budgeted Financial Performance or the Capital Adjustments Budget will invariably impact on the Adjustments Budgeted Financial Position. For example, the collection rate assumption will impact on the cash position of the municipality and consequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption informs the budget provision for debt impairment, which in turn impacts on the provision for bad debts. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is directly informed by forecasting the statement of financial position.

3. The cash flow position requires close and ongoing monitoring.

Table B7 - Adjustments Budgeted Cash Flow Statement

EC136 Emalahleni (Ec) - Table B7 Adjustments Budget Cash Flows - 31/05/2017

Description	Ref	Budget Year 2016/17									Budget Year +1 2017/18	Budget Year +2 2018/19
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
			3	4	5	6	7	8	9	10		
R thousands		A	A1	B	C	D	E	F	G	H		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates, penalties & collection charges		2,313							–	2,313	2,457	2,602
Service charges		7,617							–	7,617	8,145	8,371
Other revenue		2,789						1,939	1,939	4,727	3,124	3,400
Government - operating	1	129,829						2,626	2,626	132,454	131,801	133,254
Government - capital	1	32,670						500	500	33,170	32,549	34,271
Interest		3,784						923	923	4,707	3,997	5,309
Dividends		–						–	–	–	–	–
Payments												
Suppliers and employees		(158,575)						20,420	20,420	(138,155)	(154,380)	(159,527)
Finance charges		(850)						–	–	(850)	(361)	(372)
Transfers and Grants	1	(3,672)						(15,583)	(15,583)	(19,255)	(3,888)	(4,135)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**15,906**	–	–	–	–	–	**10,824**	**10,824**	**26,730**	**23,444**	**23,174**
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		–						–	–	–	–	–
Decrease (increase) in non-current debtors		–						–	–	–	–	–
Decrease (increase) other non-current receivables		–						–	–	–	–	–
Decrease (increase) in non-current investments		–						–	–	–	–	–
Payments												
Capital assets		(41,470)						4,838	4,838	(36,632)	(32,549)	(34,271)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(41,470)**	–	–	–	–	–	**4,838**	**4,838**	**(36,632)**	**(32,549)**	**(34,271)**
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans		–						–	–	–	–	–
Borrowing long term/refinancing		–						–	–	–	–	–
Increase (decrease) in consumer deposits		–						–	–	–	–	–
Payments												
Repayment of borrowing		(263)						–	–	(263)	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		**(263)**	–	–	–	–	–	–	–	**(263)**	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		**(25,827)**	–	–	–	–	–	**15,661**	**15,661**	**(10,166)**	**(9,105)**	**(11,097)**
Cash/cash equivalents at the year begin:	2	16,578						11,841	11,841	28,419	18,254	9,149
Cash/cash equivalents at the year end:	2	(9,249)	–	–	–	–	–	27,502	27,502	18,254	9,149	(1,948)

Explanatory notes to Table B7 – Adjustments Budget Cash Flow Statement

1. The budgeted cash flow statement represents the first measurement in determining whether the budget is funded.

2. It reflects the expected cash in-flows versus the cash out-flows that is likely to result from the implementation of the Budget.

3. The cash position of the Municipality increased by R 9,005 million from R 9.249 million in the original 2016/17 Budget, to R18.254 million in the 2016/17 Adjustments Budget.

4. The Municipality should maintain its efforts of enforcing strict cash flow management and monitoring on an ongoing basis.

Table B8 - Cash backed reserves/accumulated surplus reconciliation

EC136 Emalahleni (Ec) - Table B8 Cash backed reserves/accumulated surplus reconciliation - 31/05/2017

Description	Ref	Budget Year 2016/17									Budget Year +1 2017/18	Budget Year +2 2018/19
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Cash and investments available												
Cash/cash equivalents at the year end	1	(9,249)	–	–	–	–	–	27,502	27,502	18,254	9,149	(1,948)
Other current investments > 90 days		–	–	–	–	–	–	(0)	(0)	(0)	(7,200)	(7,200)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		(9,249)	–	–	–	–	–	27,502	27,502	18,253	1,949	(9,148)
Applications of cash and investments												
Unspent conditional transfers		–	–	–	–	–	–	–	–	–	–	–
Unspent borrowing									–	–		
Statutory requirements									–	–		
Other working capital requirements	2	(1,937)	–					20,025	20,025	18,088	20,195	22,215
Other provisions									–	–		
Long term investments committed		–	–					–	–	–	–	–
Reserves to be backed by cash/investments		–	–					–	–	–	–	–
Total Application of cash and investments:		(1,937)	–	–	–	–	–	20,025	20,025	18,088	20,195	22,215
Surplus(shortfall)		(7,312)	–	–	–	–	–	7,477	7,477	165	(18,247)	(31,363)

Explanatory notes to Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

2. The table assesses the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

3. As part of the budgeting and planning guidelines that informed the compilation of the 2016/17 Budget, the end objective was to ensure that the budget is funded as required in accordance with section 18 of the MFMA.

4. It is to be noted that the 2016/17 Original Budget reflected a funding shortfall of R 7.312 million, which has increased to a surplus of R 165 000 in the 2016/17 Adjustments Budget.

5. The Adjustments Budget funding position indicates that the Municipality must continue to exercise strict fiscal discipline to maintain and improve its funding position.

Table B9 - Asset Management

EC136 Emalahleni (Ec) - Table B9 Asset Management - 31/05/2017

Description	Ref	Budget Year 2016/17				Budget Year +1 2017/18	Budget Year +2 2018/19
		Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
			12	13	14		
R thousands		A	F	G	H		
CAPITAL EXPENDITURE							
Total New Assets *to be adjusted*	1	**41,470**	**(4,623)**	**(4,623)**	**36,847**	**32,549**	**34,271**
Infrastructure - Road transport		21,002	(3,060)	(3,060)	17,942	19,636	–
Infrastructure - Electricity		2,865	27	27	2,892	9,055	–
Infrastructure		23,868	(3,033)	(3,033)	20,834	28,691	–
Community		9,402	(2,380)	(2,380)	7,023	1,100	13,501
Other assets	6	8,200	150	150	8,350	2,758	20,771
Intangibles		–	640	640	640	–	–
Total Renewal of Existing Assets *to be adjusted*	2	–	–	–	–	–	–
Total Capital Expenditure *to be adjusted*	4						
Infrastructure - Road transport		21,002	(3,060)	(3,060)	17,942	19,636	–
Infrastructure - Electricity		2,865	27	27	2,892	9,055	–
Infrastructure - Water		–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–
Infrastructure - Other		–	–	–	–	–	–
Infrastructure		23,868	(3,033)	(3,033)	20,834	28,691	–
Community		9,402	(2,380)	(2,380)	7,023	1,100	13,501
Other assets		8,200	150	150	8,350	2,758	20,771
TOTAL CAPITAL EXPENDITURE *to be adjusted*	2	**41,470**	**(4,623)**	**(4,623)**	**36,847**	**32,549**	**34,271**
ASSET REGISTER SUMMARY - PPE (WDV)	5						
Infrastructure - Road transport		223,130	(3,060)	(3,060)	220,070	220,114	197,236
Infrastructure - Electricity		19,666	27	27	19,693	28,067	27,407
Infrastructure - Other		3,667	(3,513)	(3,513)	154	3,663	3,660
Infrastructure		246,462	(6,546)	(6,546)	239,916	251,845	228,303
Community		114,199	633	633	114,832	114,451	127,095
Heritage assets		183		–	183	183	183
Investment properties		6,434	(2,187)	(2,187)	4,247	4,247	4,247
Other assets		120,712	1,290	1,290	122,002	122,378	142,046
Intangibles		104	100	100	204	104	104
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	**488,093**	**(6,710)**	**(6,710)**	**481,383**	**493,207**	**501,978**
EXPENDITURE OTHER ITEMS							
Depreciation & asset impairment		24,997	(43)	(43)	24,954	25,247	25,499
Repairs and Maintenance by asset class	3	**7,163**	**(1,834)**	**(1,834)**	**5,330**	**12,302**	**13,027**
Infrastructure - Road transport		2,000	(884)	(884)	1,116	4,359	4,616
Infrastructure - Electricity		–	–	–	–	4,244	4,494
Infrastructure		2,000	(884)	(884)	1,116	8,603	9,110
Community		430	(60)	(60)	370	185	196
Other assets	6	4,733	(890)	(890)	3,844	3,514	3,721
TOTAL EXPENDITURE OTHER ITEMS *to be adjusted*		**32,160**	**(1,876)**	**(1,876)**	**30,284**	**37,549**	**38,527**
Renewal of Existing Assets as % of total capex		*0.0%*			*0.0%*	*0.0%*	*0.0%*
Renewal of Existing Assets as % of deprecn"		*0.0%*			*0.0%*	*0.0%*	*0.0%*
R&M as a % of PPE		*1.5%*			*1.1%*	*2.5%*	*2.6%*
Renewal and R&M as a % of PPE		*1.5%*			*1.1%*	*2.5%*	*2.6%*

Explanatory notes to Table B9 - Asset Management

1. The table provides a summarised version of the capital programme divided into new assets and renewal of existing assets; and also reflects the relevant asset categories. The associated repairs and maintenance and depreciation are also reflected.

   It also provides an indication of the resources deployed for maintaining and renewing existing assets, as well as the extent of asset expansion.

Table B10 - Basic service delivery measurement

EC136 Emalahleni (Ec) - Table B10 Basic service delivery measurement - 31/05/2017

Description	Ref	Budget Year 2016/17									Budget Year +1 2017/18	Budget Year +2 2018/19
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	A1	B	C	D	E	F	G	H		
Household service targets	1											
Energy:												
Electricity (at least min. service level)									-	-		
Electricity - prepaid (> min.service level)		3253							-	3,253	3253	3253
Minimum Service Level and Above sub-total		3,253	-	-	-	-	-	-	-	3,253	3,253	3,253
Electricity (< min.service level)									-	-		
Electricity - prepaid (< min. service level)									-	-		
Other energy sources									-	-		
Below Minimum Servic Level sub-total		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	3,253	-	-	-	-	-	-	-	3,253	3,253	3,253
Refuse:												
Removed at least once a week (min.service)		2630							-	2,630	2630	2630
Minimum Service Level and Above sub-total		2,630	-	-	-	-	-	-	-	2,630	2,630	2,630
Removed less frequently than once a week		158							-	158	158	158
Using communal refuse dump		539							-	539	539	539
Using own refuse dump		20181							-	20,181	20181	20181
Other rubbish disposal		6875							-	6,875	6875	6875
No rubbish disposal		1299							-	1,299	1299	1299
Below Minimum Servic Level sub-total		29,052	-	-	-	-	-	-	-	29,052	29,052	29,052
Total number of households	5	31,682	-	-	-	-	-	-	-	31,682	31,682	31,682
Cost of Free Basic Services provided (R'000)	16											
Electricity/other energy (50kwh per household per month)		1,950							-	1,950	2,100	2,300
Refuse (removed once a week)		1,224							-	1,224	838	847
Total cost of FBS provided (minimum social package)		3,174	-	-	-	-	-	-	-	3,174	2,938	3,147
Highest level of free service provided												
Property rates (R'000 value threshold)									-	-		
Water (kilolitres per household per month)		6							-	6	6	6
Sanitation (kilolitres per household per month)									-	-		
Sanitation (Rand per household per month)									-	-		
Electricity (kw per household per month)		50							-	50	50	50
Refuse (average litres per week)									-	-		
Revenue cost of free services provided (R'000)	17											
Property rates (R15 000 threshold rebate)		28							-	28	29	31
Property rates (other exemptions, reductions and rebates)		433							-	433	433	433
Other									-	-		
Total revenue cost of free services provided (total social package)		460	-	-	-	-	-	-	-	460	462	463

Explanatory notes to Table B10 - Basic Service Delivery Measurement

1. Table B10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

PART 2 – SUPPORTING DOCUMENTATION

2.1 Adjustments to Budget Assumptions

The budget assumptions, which informed the approved 2016/17 Budget, have been maintained.

2.2 Adjustments to Budget Funding

The Municipality's operating expenditure is mainly funded from sources such as property rates, service charges and government grants. The table below reflects the funding sources:

2.3 Adjustments related to allocations and grants to the Municipality

Below the adjustments pertaining to operating and capital allocations and grants:

Supporting Table SB7 Adjustments Budget - transfers and grants receipts –

EC136 Emalahleni (Ec) - Supporting Table SB7 Adjustments Budget - transfers and grant receipts - 31/05/2017

Description	Ref	Budget Year 2016/17							Budget Year +1 2017/18	Budget Year +2 2018/19
		Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	7 A1	8 B	9 C	10 D	11 E	12 F		
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		128,929	–	–	–	–	–	128,929	130,901	132,354
Local Government Equitable Share		114,599				–	–	114,599	121,843	127,950
Finance Management		2,010				–	–	2,010	2,345	2,600
Integrated National Electrification Programme		9,317				–	–	9,317	5,000	–
EPWP Incentive		1,415				–	–	1,415	–	–
Municipal Infrastructure Grant (MIG) - Operating		1,588				–	–	1,588	1,713	1,804
Provincial Government:		900	–	–	–	3	3	903	900	900
Library	5	900				3	3	903	900	900
District Municipality:		500	–	–	–	1,322	1,322	1,822	–	–
CHDM Paving		500				1,000	1,000	1,500	–	–
CHDM Transport Costs						122	122	122		
CDHM For custom feedlot						–	–	–		
CDHM IT Support grant						200	200	200		
CHDM Paving and Beautification						–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	6	130,329	–	–	–	1,325	1,325	131,654	131,801	133,254
Capital Transfers and Grants										
National Government:		30,170	–	–	–	(7,000)	(7,000)	23,170	32,549	34,271
Municipal Infrastructure Grant (MIG)		30,170				(7,000)	(7,000)	23,170	32,549	34,271
Provincial Government:		2,500	–	–	–	500	500	3,000	–	–
Department of Roads and Public Works		2,500				500	500	3,000	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	6	32,670	–	–	–	(6,500)	(6,500)	26,170	32,549	34,271
TOTAL RECEIPTS OF TRANSFERS & GRANTS		162,999	–	–	–	(5,175)	(5,175)	157,824	164,350	167,525

Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programmes

EC136 Emalahleni (Ec) - Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programme - 31/05/2017

Description	Ref	Budget Year 2016/17							Budget Year +1 2017/18	Budget Year +2 2018/19
		Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
			2	3	4	5	6	7		
R thousands		A	A1	B	C	D	E	F		
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:	1									
Operating expenditure of Transfers and Grants										
National Government:		128,929	–	–	–	–	–	128,929	130,901	132,354
Local Government Equitable Share		114,599					–	114,599	121,843	127,950
							–	–		
Finance Management		2,010					–	2,010	2,345	2,600
Municipal Systems Improvement		–					–	–		
Integrated National Electrification Programme		9,317					–	9,317	5,000	
EPWP Incentive		1,415					–	1,415		
Municipal Infrastructure Grant (MIG) - Operating		1,588					–	1,588	1,713	1,804
Provincial Government:		900	–	–	–	3	3	903	900	900
Library		900				3	3	903	900	900
District Municipality:		500	–	–	–	1,322	1,322	1,822	–	–
CHDM Paving		500				1,000	1,000	1,500		
CHDM Transport Costs						122	122	122		
CDHM IT Support grant						200	200	200		
Other grant providers:		–	–	–	–	–	–	–	–	–
Total operating expenditure of Transfers and Grants:		130,329	–	–	–	1,325	1,325	131,654	131,801	133,254
Capital expenditure of Transfers and Grants										
National Government:		30,170	–	–	–	(7,000)	(7,000)	23,170	32,549	34,271
Municipal Infrastructure Grant (MIG)		30,170				(7,000)	(7,000)	23,170	32,549	34,271
Provincial Government:		2,500	–	–	–	500	500	3,000	–	–
Department of Roads and Public Works		2,500				500	500	3,000		
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants		32,670	–	–	–	(6,500)	(6,500)	26,170	32,549	34,271
Total capital expenditure of Transfers and Grants		162,999	–	–	–	(5,175)	(5,175)	157,824	164,350	167,525

2.4 Adjustments to Councilors and Employee benefits

Below a summary of the adjustments made to Councilors' Remuneration and Employee Related Costs:

Description	Original Budget 2016/2017	Adjustments Budget 2016/2017	Variance
R thousands	R	R	R
Councillor's Remuneration	11 727 702	11 337 000	-391 000
Employee Related Costs	62 015 450	62 013 050	-2 000

2.5 Adjustments to Service Delivery and Budget Implementation Plan (SDBIP)

In accordance with the MFMA, it should be noted that the service delivery targets and performance indicators in the 2016/17 SDBIP have been approved, following the approval by Council of the 2nd 2016/17 Adjustments Budget.

2.6 Adjustments to Capital Expenditure

The annexure below contains a listing of all the adjusted capital programmes and projects of the Municipality, which are aligned to the Integrated Development Plan of the Municipality.

ADJUSTED CAPITAL BUDGET 2016/17

EC136 Emalahleni (Ec) - Supporting Table SB19 List of capital programmes and projects affected by Adjustments Budget - 31/05/2017

Municipal Vote/Capital project	Program/Project description	Asset Class	Asset Sub-Class	Medium Term Revenue and Expenditure Framework					
				Budget Year 2016/17		Budget Year +1 2017/18		Budget Year +2 2018/19	
R thousand		4	4	Original Budget	Adjusted Budget	Original Budget	Adjusted Budget	Original Budget	Adjusted Budget
Parent municipality:									
Vote 6 - Infrastructure and Human Settle	Ngcuka Access Road	Infrastructure - Road transport	Roads, Pavements & Bridges	-	500	-	-		
Vote 6 - Infrastructure and Human Settle	MIG : Surfacing of Lady Frere Internal F	Infrastructure - Road transport	Roads, Pavements & Bridges	8,158	4,598	2,000			
Vote 5 - Community and Social Services	MIG:LED Shearing Shed	Other Assets	Other	1,041	1,114	-	-		
Vote 5 - Community and Social Services	Construction of community hall	Community	Community halls	-	160	-	-		
Vote 5 - Community and Social Services	Landfill site	Infrastructure - Other	Waste Management	3,988	476	1,000	1,000		
Vote 5 - Community and Social Services	Indwe cementries	Community	Cemeteries	500	-	-	-		
Vote 6 - Infrastructure and Human Settle	Eletrical transformers	Infrastructure - Electricity	Transmission & Reticulation	100	127	-	-		
Vote 1 - Executive and Council	Building new office buildings Phase 1	Other assets	Civic Land and Buildings	4,500	5,000	-	-		
Vote 2 - Corporate services	Corporate Services Software	Intangibles	Computers - software & programming	-	640	-	-		
Vote 2 - Corporate services	Corporate services furniture equipme	Other Assets	Furniture and other office equipment	350	550	-	-		
Vote 5 - Community and Social Services	Park development Lady Frere	Community	Parks & gardens	2,500	3,400	1,100	1,100		
Vote 2 - Corporate services	ASSET: CORPORATE SERVICES;CO	Other assets	Computers - hardware/equipment	350	300				
		Community				-	-		

2nd ADJUSTMENT BUDGET FOR 2016/17 FINACIAL YEAR

I, **Dr SW Vatala**, Municipal Manager of Emalahleni Local Municipality, hereby certify that the adjustments budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under that Act, and that the adjustments budget and supporting documentation are consistent with the Integrated Development Plan of the Municipality.

Print Name : **Dr SW Vatala**

Municipal Manager of Emalahleni Local Municipality (EC136)

Signature : ..

Date : 13 | May | 2017